



Credit Union National Association

cuna.org

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February 22, 2011

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration Board
1775 Duke Street
Alexandria, VA 22314-3486

Re: RIN 3133-AD79, Share Insurance and Appendix (Temporary Unlimited Share Insurance for Noninterest-bearing Transaction Accounts)

Dear Ms. Rupp,

This comment letter presents the views of the Credit Union National Association (CUNA) on the National Credit Union Administration's (NCUA's) proposal on the temporary unlimited share insurance for noninterest-bearing transaction accounts. The provision of such insurance is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) effective July 21, 2010 to December 31, 2012. By way of background, CUNA is the largest credit union advocacy organization in this country, representing approximately 90 percent of our nation's 7,600 state and federal credit unions, which serve more than 93 million members.

Specifically, the proposed rule defines noninterest-bearing accounts as traditional, noninterest-bearing demand deposit (checking or share draft) accounts that allow for an unlimited number of deposits and withdrawals at any time, which can also include official checks. In addition, the proposed rule specifies an exception that certain "reserve sweeps" would be considered noninterest-bearing transaction accounts.

An account is considered "interest-bearing" or "dividend-bearing" if the terms of the account agreement provide for the payment of dividends under certain circumstances. However, accounts that do not qualify as noninterest-bearing accounts include negotiable order of withdrawal (NOW) accounts, Interest on Lawyers Trust Accounts (IOLTA), or money market accounts (MMA). In addition, the waiver of fees would not be treated as the earning of dividends.

CUNA generally believes that NCUA's approach to implementing the temporary unlimited share insurance for noninterest-bearing transaction accounts is consistent with the new statutory requirement. However, we



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also urge NCUA minimize the regulatory burdens associated with the proposal because credit unions in light of the many challenges credit unions already face regarding compliance with the numerous other Dodd-Frank and other regulatory initiatives that are being imposed on credit unions at this time.

We believe NCUA should provide additional examples to credit unions of accounts that are considered interest-bearing and non-interest bearing, and clarify any differences between FDIC's final regulation for noninterest-bearing accounts.

For the proposed notice and disclosure requirements, it is not necessary for credit unions that only issue official checks and do not offer other types of noninterest-bearing transaction accounts to provide the notice because members may believe this insurance coverage applies to other types of accounts and owners of the official checks may also be nonmembers. Further, NCUA should update its website to provide information that this temporary unlimited share insurance for noninterest-bearing transaction accounts is separate from other share insurance coverage.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Tsang". The signature is fluid and cursive, with the first name "Dennis" and last name "Tsang" clearly distinguishable.

Dennis Tsang
Regulatory Counsel